

**REPORT OF THE AUDIT OF THE
ANDERSON COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2003**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE ANDERSON COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2003**

The Auditor of Public Accounts has completed the Anderson County Fiscal Court audit for fiscal year ended June 30, 2003. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$82,734 from the beginning of the year, resulting in a cash surplus of \$792,086 as of June 30, 2003.

Debt Obligations:

Capital lease principal agreements totaled \$2,138,648 as of June 30, 2003. Future principal and interest payments of \$3,213,808 are needed to meet these obligations.

Report Comment:

- County Employees Should Be Compensated For Overtime

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
ANDERSON COUNTY OFFICIALS	3
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY ARISING FROM CASH TRANSACTIONS	6
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES.....	10
NOTES TO FINANCIAL STATEMENTS	14
SUPPORTING SCHEDULES:	
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE	23
SCHEDULE OF OPERATING REVENUE	27
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES	31
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	35
COMMENT AND RECOMMENDATION	39
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Anthony D. Stratton, Anderson County Judge/Executive
Members of the Anderson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Anderson County, Kentucky, as of June 30, 2003, and the related statement of cash receipts, cash disbursements, and changes in cash balances, for the year then ended. These financial statements are the responsibility of the Anderson County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Anderson County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity of Anderson County, Kentucky, as of June 30, 2003, and the revenues received and expenditures paid for the year then ended in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
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Honorable Anthony D. Stratton, Anderson County Judge/Executive
Members of the Anderson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2004, on our consideration of Anderson County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Anderson County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following report comment:

- County Employees Should Be Compensated For Overtime

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
June 10, 2004

ANDERSON COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2003

Fiscal Court Members:

Anthony D. Stratton	County Judge/Executive
Juretta Wells	Magistrate
Hubert Shields	Magistrate
Bobby Peach	Magistrate
Alton Warford	Magistrate
Larry Smith	Magistrate
John Wayne Conway	Magistrate

Other Elected Officials:

Bobbie Jo Lewis	County Attorney
Lyjona Clark	Jailer
Harold Ritchey	County Clerk
Jan Rogers	Circuit Court Clerk
Jim Evans	Sheriff
Margaret Woodside	Property Valuation Administrator
Brian Ritchie	Coroner

Appointed Personnel:

W. Dudley Shryock	County Treasurer
Donna Eckman	Occupational Tax Collector
Heather Major	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

ANDERSON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2003

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	
<u>Assets and Other Resources</u>					
<u>Assets</u>					
Cash and Cash Equivalents	\$ 220,380	\$ 174,203	\$ 397,441	\$ 62	\$ 792,086
Total Assets	\$ 220,380	\$ 174,203	\$ 397,441	\$ 62	\$ 792,086
<u>Other Resources</u>					
Amounts to be Provided in Future Years for:					
Capital Lease	\$ 930,648	\$	\$	\$ 1,207,938	\$ 2,138,586
Total Other Resources	\$ 930,648	\$ 0	\$ 0	\$ 1,207,938	\$ 2,138,586
Total Assets and Other Resources	\$ 1,151,028	\$ 174,203	\$ 397,441	\$ 1,208,000	\$ 2,930,672

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY
 STATEMENT OF ASSETS, LIABILITIES,
 AND EQUITY ARISING FROM CASH TRANSACTIONS
 June 30, 2003
 (Continued)

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	
<u>Liabilities and Equity</u>					
<u>Liabilities</u>					
Capital Lease	\$ 930,648	\$	\$	\$ 1,208,000	\$ 2,138,648
Total Liabilities	\$ 930,648	\$ 0	\$ 0	\$ 1,208,000	\$ 2,138,648
<u>Equity</u>					
Fund Balances:					
Unreserved	\$ 220,380	\$ 174,203	\$ 397,441	\$	\$ 792,024
Total Equity	\$ 220,380	\$ 174,203	\$ 397,441	\$ 0	\$ 792,024
Total Liabilities and Equity	\$ 1,151,028	\$ 174,203	\$ 397,441	\$ 1,208,000	\$ 2,930,672

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

ANDERSON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2003

	General Fund Type			
	General Fund	Road and Bridge Fund	Jail Fund	Local Government Economic Assistance Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,945,237	\$ 811,355	\$ 89,618	\$ 58,390
Other Financing Sources:				
Transfers In	16,977	45,000	343,520	
Kentucky Advance Revenue Program	591,300			
Total Cash Receipts	<u>\$ 3,553,514</u>	<u>\$ 856,355</u>	<u>\$ 433,138</u>	<u>\$ 58,390</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,883,116	\$ 889,454	\$ 431,486	\$ 100,481
Other Financing Uses:				
Transfers Out				
Capital Lease Agreements:				
Park Land Lease - Principal				
Ambulance Lease - Principal	9,352			
Courthouse Annex Lease-Interest Paid				
Fees Paid				
Kentucky Advance Revenue Program Principal Repaid	591,300			
Total Cash Disbursements	<u>\$ 3,483,768</u>	<u>\$ 889,454</u>	<u>\$ 431,486</u>	<u>\$ 100,481</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 69,746	\$ (33,099)	\$ 1,652	\$ (42,091)
Cash Balance - July 1, 2002	<u>107,932</u>	<u>8,257</u>	<u>62,104</u>	<u>1,682</u>
Cash Balance - June 30, 2003 *	<u>\$ 177,678</u>	<u>\$ (24,842)</u>	<u>\$ 63,756</u>	<u>\$ (40,409)</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2003
 (Continued)

<u>General Fund Type</u>		<u>Special Revenue Fund Type</u>
<u>Escrow Fund</u>	<u>Court Fine Fund</u>	<u>E-911 Fund</u>
\$ 19,014	\$ 72,367	\$ 123,578
75,000		
<u>\$ 94,014</u>	<u>\$ 72,367</u>	<u>\$ 123,578</u>
\$ 178,344	\$ 15,152	\$ 51,705
		5,497
30,000		
<u>\$ 208,344</u>	<u>\$ 15,152</u>	<u>\$ 57,202</u>
\$ (114,330)	\$ 57,215	\$ 66,376
101,312		107,827
<u>\$ (13,018)</u>	<u>\$ 57,215</u>	<u>\$ 174,203</u>

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
For The Fiscal Year Ended June 30, 2003
(Continued)

	Capital Projects Fund Type		
	Capital Outlay Fund	CDBG Fund	Park Land Acquisition Company
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 629,783	\$ 4,000	\$ 3,517
Other Financing Sources:			
Transfers In			
Kentucky Advance Revenue Program			
Total Cash Receipts	<u>\$ 629,783</u>	<u>\$ 4,000</u>	<u>\$ 3,517</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 74,023	\$ 2,000	\$ 7,207
Other Financing Uses:			
Transfers Out	475,000		
Capital Lease Agreements:			
Park Land Lease - Principal			
Ambulance Lease - Principal			
Courthouse Annex Lease-			
Interest Paid			
Fees Paid			
Kentucky Advance Revenue Program			
Principal Repaid			
Total Cash Disbursements	<u>\$ 549,023</u>	<u>\$ 2,000</u>	<u>\$ 7,207</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 80,760	\$ 2,000	\$ (3,690)
Cash Balance - July 1, 2002	<u>308,085</u>		<u>10,286</u>
Cash Balance - June 30, 2003 *	<u><u>\$ 388,845</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ 6,596</u></u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2003
 (Continued)

Debt Service Fund Type		
AOC Escrow Fund	Totals (Memorandum Only)	
\$ 81,425	\$ 4,838,284	
	480,497	
	591,300	
<u>\$ 81,425</u>	<u>\$ 5,910,081</u>	
\$	\$ 4,632,968	
	480,497	
	30,000	
	9,352	
83,176	83,176	
54	54	
	591,300	
<u>\$ 83,230</u>	<u>\$ 5,827,347</u>	
\$ (1,805)	\$ 82,734	
1,867	709,352	
<u>\$ 62</u>	<u>\$ 792,086</u>	

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2003

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Anderson County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Park Land Acquisition Company as part of the reporting entity.

Anderson County Park Land Acquisition Company

The Anderson County Park Land Acquisition Company is established for the purpose of acquiring and developing land for an Anderson County Park. The Anderson County Fiscal Court is financially accountable for the component unit; therefore, management must include the component unit as part of the reporting entity and its financial activity is blended with that of the Fiscal Court.

Additional - Anderson County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Anderson County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Anderson County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Anderson County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, Escrow Fund and the Court Fine Fund.

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Anderson County Special Revenue Fund Type includes the following county fund: E-911 Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the AOC Escrow Fund. This fund was established to hold money deposited by the Administrative Office of the Courts (AOC) to provide for their portion of the debt service obligation for the courthouse renovation as agreed upon in a sublease agreement with the county. A third party trustee, Bank One, holds this fund. AOC deposits the biannual required amount, and then the trustee makes the debt service payments directly to Kentucky Association of Counties Leasing Trust (KACOLT). The county pays KACOLT for the remainder of the debt service requirement out of the General Fund.

4) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Capital Outlay Fund, CDBG Fund, and the Park Land Acquisition Fund are reported as Capital Projects Fund Types.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment and land that are owned by the county.

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget

The Anderson County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

A formal budget is not adopted for the AOC Escrow Fund because bond indentures and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

ANDERSON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2003
 (Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2003, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Capital Lease Agreements

A. Courthouse Annex

Anderson County entered into a \$1,448,000 capital lease agreement on June 24, 1997, with the Kentucky Association of Counties Leasing Trust for the construction of a courthouse annex. The agreement requires monthly interest payments and an annual principal payment due each January 20. The effective interest rate is 5.03 percent, and the agreement is to be paid in full by January 20, 2017. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$1,208,000 as of June 30, 2003. Future principal and interest requirements are:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2004	\$ 71,390	\$ 56,000
2005	67,965	58,000
2006	64,394	61,000
2007	60,618	65,000
2008	56,400	77,000
2009-2013	205,962	447,000
2014-2017	57,369	444,000
Totals	\$ 584,098	\$ 1,208,000

Anderson County subsequently entered into a sublease agreement with the Administrative Office of the Courts on June 24, 1997, for use of the courthouse annex as court facilities. The agreement states the Administrative Office of the Courts will deposit the agreed upon use allowance payments into a sinking fund until applied by the Trustee to the payment owed by the County under the original lease agreement. The Administrative Office of the Courts may renew this sublease agreement on July 1 of each even numbered year for another biennial period of two years.

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 4. Capital Lease Agreements (Continued)

B. Anderson County Park Project

Anderson County entered into a \$950,000 capital lease agreement on June 18, 2001, with the Kentucky Association of Counties Leasing Trust for the completion of the Anderson County Park project. The agreement requires monthly interest payments and an annual principal payment due each January 20. The effective interest rate is 4.38%, and the agreement is to be paid in full by January 20, 2021. The following schedule indicates the required principal and interest payments according to the original lease agreement. The outstanding principal balance was \$ 890,000 as of June 30, 2003. Future principal and interest requirements are:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Interest</u>	<u>Scheduled</u> <u>Principal</u>
2004	\$ 47,110	\$ 35,000
2005	45,227	35,000
2006	43,343	35,000
2007	41,348	40,000
2008	39,195	40,000
2009-2013	161,511	225,000
2014-2018	94,086	280,000
2019-2021	17,311	200,000
Totals	<u>\$ 489,131</u>	<u>\$ 890,000</u>

C. Ambulance

Anderson County entered into a \$50,000 capital lease agreement on November 8, 2002, with the Kentucky Association of Counties Leasing Trust to purchase an ambulance. The agreement requires monthly principal and interest payments. The effective interest rate is 3.19%, and the agreement is to be paid in full by November 20, 2005. The following schedule indicates the required principal and interest payments according to the original lease agreement. The outstanding principal balance was \$40,648 as of June 30, 2003. Future principal and interest requirements are:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Interest</u>	<u>Scheduled</u> <u>Principal</u>
2004	\$ 1,285	\$ 16,441
2005	638	16,974
2006	70	7,233
Totals	<u>\$ 1,993</u>	<u>\$ 40,648</u>

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2003
(Continued)

Note 5. Insurance

For the fiscal year ended June 30, 2003, Anderson County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

ANDERSON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 2,907,091	\$ 2,945,237	\$ 38,146
Road and Bridge Fund	864,003	811,355	(52,648)
Jail Fund	462,920	89,618	(373,302)
Local Government Economic Assistance Fund	110,000	58,390	(51,610)
Escrow Fund	137,717	19,014	(118,703)
Court Fine Fund	56,000	72,367	16,367
<u>Special Revenue Fund Type</u>			
E-911 Fund	68,000	123,578	55,578
<u>Capital Projects Fund Type</u>			
Capital Outlay Fund	75,000	629,783	554,783
CDBG Fund	15,000	4,000	(11,000)
Park Land Acquisition Fund	5,000	3,517	(1,483)
Totals	<u>\$ 4,700,731</u>	<u>\$ 4,756,859</u>	<u>\$ 56,128</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 4,700,731
Add: Budgeted Prior Year Surplus			75,570
Less: Other Financing Uses			<u>(39,352)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 4,736,949</u>

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SCHEDULE OF OPERATING REVENUE

ANDERSON COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

GOVERNMENTAL FUND TYPE					
Revenue Categories	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type	Debt Service Fund Type	Totals (Memorandum Only)
Taxes	\$ 1,393,617	\$	\$ 606,037	\$	\$ 1,999,654
Excess Fees	242,506				242,506
Licenses and Permits	81,335		21,063		102,398
Intergovernmental Revenues	1,175,346	123,578	4,000	81,132	1,384,056
Charges for Services	898,883				898,883
Miscellaneous Revenues	197,672		3,431		201,103
Interest Earned	6,622		2,769	293	9,684
Total Operating Revenue	<u>\$ 3,995,981</u>	<u>\$ 123,578</u>	<u>\$ 637,300</u>	<u>\$ 81,425</u>	<u>\$ 4,838,284</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

ANDERSON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2003

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 692,644	\$ 649,900	\$ 42,744
Protection to Persons and Property	1,735,457	1,698,627	36,830
General Health and Sanitation	116,081	115,569	512
Social Services	25,075	24,317	758
Recreation and Culture	198,138	302,636	(104,498)
Roads	937,140	926,383	10,757
Debt Service	182,349	135,777	46,572
Capital Projects	22,906	22,095	811
Administration	657,159	622,729	34,430
Total Operating Budget - General Fund Type	\$ 4,566,949	\$ 4,498,033	\$ 68,916
Other Financing Uses:			
Capital Lease Agreements-			
Park Land Lease Principal	30,000	30,000	
Ambulance Lease Principal	9,352	9,352	
TOTAL BUDGET - GENERAL FUND TYPE	<u>\$ 4,606,301</u>	<u>\$ 4,537,385</u>	<u>\$ 68,916</u>

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 For The Fiscal Year Ended June 30, 2003
 (Continued)

SPECIAL REVENUE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Protection to Persons and Property	\$ 68,000	\$ 51,705	\$ 16,295
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 68,000</u>	<u>\$ 51,705</u>	<u>\$ 16,295</u>

CAPITAL PROJECTS FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,000	\$ 23	\$ 977
Recreation and Culture	86,000	81,207	4,793
Capital Projects	15,000	2,000	13,000
TOTAL BUDGET - CAPITAL PROJECTS FUND TYPE	<u>\$ 102,000</u>	<u>\$ 83,230</u>	<u>\$ 18,770</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Anthony D. Stratton, Anderson County Judge/Executive
Members of the Anderson County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Anderson County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated June 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Anderson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying comment and recommendation.

- County Employees Should Be Compensated For Overtime

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anderson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
June 10, 2004

COMMENT AND RECOMMENDATION

ANDERSON COUNTY
COMMENT AND RECOMMENDATION

For The Fiscal Year Ended June 30, 2003

REPORTABLE CONDITION

None.

NONCOMPLIANCE

County Employees Should Be Compensated For Overtime

During the test of payroll, the auditor noted that two employees chosen for testing had worked overtime, but were not compensated for the time. According to KRS 337.285, any county employee working a work week longer than forty hours shall be compensated at a rate of not less than one and one-half times the hourly rate at which he is employed or compensated with compensatory time at a rate of one and one-half hours for each hour worked over the forty hours. This overtime should be documented as authorized by the employee's supervisor on an overtime request form, and that form should be signed by the employee and supervisor and attached to the employee's timesheet. We recommend the county follow the guidelines set forth by KRS 337.285.

County Judge/Executive Anthony D. Stratton's Response:

No Response.

PRIOR YEAR FINDINGS

None.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

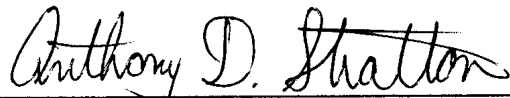
ANDERSON COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2003

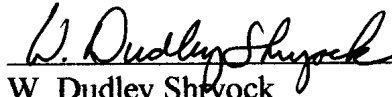
CERTIFICATON OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
ANDERSON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2003

The Anderson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Fund was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.



Anthony D. Stratton
Judge Executive



W. Dudley Shryock
County Treasurer

